

**REPORT OF THE AUDIT OF THE  
ROBERTSON COUNTY  
FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2009**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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**EXECUTIVE SUMMARY**  
**AUDIT EXAMINATION OF THE**  
**ROBERTSON COUNTY FISCAL COURT**

**June 30, 2009**

The Auditor of Public Accounts has completed the audit of the Robertson County Fiscal Court for fiscal year ended June 30, 2009.

We have issued unqualified opinions based on our audit on the governmental activities and each major fund of Robertson County, Kentucky.

**Financial Condition:**

The fiscal court had net assets of \$3,034,844 as of June 30, 2009. The fiscal court had unrestricted net assets of \$945,075 in its governmental activities as of June 30, 2009. The fiscal court had total debt principal as of June 30, 2009 of \$3,210,000 with \$85,000 due within the next year.

**Report Comments:**

- 2009-1 Cash Transfers From Restricted Funds Were In Excess Of The Amount Approved By The Department For Local Government In The Amount Of \$96,500
- 2009-2 The Treasurer's Annual Financial Statement Was Not Prepared And Published

**Deposits:**

The fiscal court's deposits were insured and collateralized by bank securities or bonds.



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CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Steven L. Beshear, Governor

Jonathan Miller, Secretary, Finance and Administration Cabinet

Honorable Billy R. Allison, Robertson County Judge/Executive

Members of the Robertson County Fiscal Court

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities and each major fund of Robertson County, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Robertson County Fiscal Court. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, Robertson County, Kentucky, prepares its financial statements in accordance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Robertson County, Kentucky, as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with the basis of accounting described in Note 1.

The county has not presented the management's discussion and analysis that the Governmental Accounting Standards Board (GASB) has determined is necessary to supplement, although not required to be part of, the basic financial statements. The budgetary comparison information is not a required part of the basic financial statements but is supplementary information required by GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the budgetary comparison information. However, we did not audit it and express no opinion on it.



To the People of Kentucky  
Honorable Steven L. Beshear, Governor  
Jonathan Miller, Secretary  
Finance and Administration Cabinet  
Honorable Billy R. Allison, Robertson County Judge/Executive  
Members of the Robertson County Fiscal Court

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Robertson County, Kentucky's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated February 11, 2011 on our consideration of Robertson County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Based on the results of our audit, we present the accompanying comments and recommendations included herein, which discusses the following report comments:

- 2009-1 Cash Transfers From Restricted Funds Were In Excess Of The Amount Approved By The Department For Local Government In The Amount Of \$96,500
- 2009-2 The Treasurer's Annual Financial Statement Was Not Prepared And Published

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", written in a cursive style.

Crit Luallen  
Auditor of Public Accounts

February 11, 2011



ROBERTSON COUNTY OFFICIALS

For The Year Ended June 30, 2009

**Fiscal Court Members:**

Billy R. Allison	County Judge/Executive
Melvin Whitaker	Magistrate
Terry Cracraft	Magistrate
David Conley	Magistrate
Larry Jones	Magistrate
Diane E. Poe	Magistrate

**Other Elected Officials:**

Jesse Melcher	County Attorney
Eddie Jacobs	Jailer
Stephanie Bogucki	County Clerk
Martha Workman	Circuit Court Clerk
Randy B. Insko	Sheriff
Annette Lovins	Property Valuation Administrator
John Thompson	Coroner

**Appointed Personnel:**

James Myron Thomas	County Treasurer
Melissa Barger	Finance Officer
David Carmack	Road Supervisor

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**ROBERTSON COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2009**



**ROBERTSON COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2009**

	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 2,063,123
Total Current Assets	<u>2,063,123</u>
Noncurrent Assets:	
Capital Assets - Net of Accumulated Depreciation	
Construction In Progress	2,284,462
Land and Land Improvements	123,500
Buildings	740,000
Vehicles	86,038
Machinery and Equipment	34,120
Infrastructure Assets - Net of Depreciation	<u>913,601</u>
Total Noncurrent Assets	<u>4,181,721</u>
Total Assets	<u>6,244,844</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Bonds Payable	<u>85,000</u>
Total Current Liabilities	<u>85,000</u>
Noncurrent Liabilities:	
Bonds Payable	<u>3,125,000</u>
Total Noncurrent Liabilities	<u>3,125,000</u>
Total Liabilities	<u>3,210,000</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	971,721
Restricted For:	
Capital Projects	1,118,048
Unrestricted	<u>945,075</u>
Total Net Assets	<u>\$ 3,034,844</u>

The accompanying notes are an integral part of the financial statements.

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**ROBERTSON COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2009**

**ROBERTSON COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

		Program Revenues Received			
Functions/Programs Reporting Entity	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General Government	\$ 764,374	\$ 7,434	\$ 209,630	\$	
Protection to Persons and Property	155,807	1,337	62,994		
General Health and Sanitation	4,730				
Social Services	7,630				
Recreation and Culture	19,676				
Roads	432,983	1,643	215,193	372,409	
Interest on Long-term Debt	113,450				
Capital Projects	36,751			514,298	
Total Governmental Activities	\$ 1,535,401	\$ 10,414	\$ 487,817	\$ 886,707	

**General Revenues:**

Taxes:

Real Property Taxes

Personal Property Taxes

Motor Vehicle Taxes

Other Taxes

Excess Fees

Unrestricted Investment Earnings

Miscellaneous Revenues

Total General Revenues

Change in Net Assets

Net Assets - Beginning (Restated)

Net Assets - Ending

The accompanying notes are an integral part of the financial statements.



**ROBERTSON COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2009**  
**(Continued)**

**Net (Expenses) Revenues  
and Changes in Net Assets**

**Governmental  
Activities**

\$	(547,310)
	(91,476)
	(4,730)
	(7,630)
	(19,676)
	156,262
	(113,450)
	477,547
	<u>(150,463)</u>

	65,383
	1,218
	13,366
	169,815
	35,825
	49,613
	19,403
	<u>354,623</u>
	204,160
	<u>2,830,684</u>
\$	<u><u>3,034,844</u></u>

The accompanying notes are an integral part of the financial statements.

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**ROBERTSON COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2009**

**ROBERTSON COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2009**

	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	<b>Local Government Economic Assistance Fund</b>	
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 183,042	\$ 749,716	\$ 12,317	\$	
Due From Other Funds		96,500			
Total Assets	<u>183,042</u>	<u>846,216</u>	<u>12,317</u>		:
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Due To Other Funds	96,500				
Total Liabilities	<u>96,500</u>				
<b>FUND BALANCES</b>					
Unreserved:					
General Fund	86,542				
Special Revenue Funds		846,216	12,317		
Capital Projects Fund					
Total Fund Balances	<u>\$ 86,542</u>	<u>\$ 846,216</u>	<u>\$ 12,317</u>	<u>\$ 0</u>	
Total Liabilities and Fund Balances	<u>\$ 183,042</u>	<u>\$ 846,216</u>	<u>\$ 12,317</u>	<u>\$ 0</u>	:

**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets:**

Total Fund Balances	\$ 2,063,123
Amounts Reported For Governmental Activities In The Statement Of Net Assets Are Different Because:	
Capital Assets Used in Governmental Activities Are Not Financial Resources and Therefore Are Not Reported in the Funds.	7,103,616
Accumulated Depreciation	(2,921,895)
Long-term Debt Is Not Due and Payable in the Current Period and, Therefore, Is Not Reported in the Funds.	
Bonded Debt	<u>(3,210,000)</u>
Net Assets Of Governmental Activities	<u>\$ 3,034,844</u>

The accompanying notes are an integral part of the financial statements.

**ROBERTSON COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**June 30, 2009**  
**(Continued)**

<b>State Grants Fund</b>	<b>Public Properties Corporation Fund</b>	<b>Total Governmental Funds</b>
\$	\$ 1,118,048	\$ 2,063,123
		96,500
	1,118,048	2,159,623
		96,500
		96,500
		-
		86,542
		858,533
	1,118,048	1,118,048
\$ 0	\$ 1,118,048	\$ 2,063,123
\$ 0	\$ 1,118,048	\$ 2,159,623

The accompanying notes are an integral part of the financial statements.

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**ROBERTSON COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

**ROBERTSON COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

	<u><b>General Fund</b></u>	<u><b>Road Fund</b></u>	<u><b>Jail Fund</b></u>	<u><b>LGEA Fund</b></u>
<b>REVENUES</b>				
Taxes	\$ 248,385	\$	\$	\$
Excess Fees	35,825			
Intergovernmental	213,648	587,735	63,192	
Charges for Services	254		1,171	
Miscellaneous	23,152	2,288		
Interest	5,679	22,352		
Total Revenues	<u>526,943</u>	<u>612,375</u>	<u>64,363</u>	<u></u>
<b>EXPENDITURES</b>				
General Government	361,798	18,000		147
Protection to Persons and Property	53,312		52,633	
General Health and Sanitation	4,730			
Recreation and Culture	14,386			
Roads		475,234		
Debt Service				
Capital Projects	36,751			
Administration	181,278	146,636	14,097	
Total Expenditures	<u>652,255</u>	<u>639,870</u>	<u>66,730</u>	<u>147</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(125,312)</u>	<u>(27,495)</u>	<u>(2,367)</u>	<u>(147)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(21,600)	(99,181)		
Transfers In	99,181		14,600	
Total Other Financing Sources (Uses)	<u>77,581</u>	<u>(99,181)</u>	<u>14,600</u>	<u></u>
Net Change in Fund Balances	(47,731)	(126,676)	12,233	(147)
Fund Balances - Beginning (Restated)	134,273	972,892	84	147
Fund Balances - Ending	<u>\$ 86,542</u>	<u>\$ 846,216</u>	<u>\$ 12,317</u>	<u>\$ 0</u>

The accompanying notes are an integral part of the financial statements.



**ROBERTSON COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2009**  
**(Continued)**

<b>State Grants Fund</b>	<b>Public Properties Corporation Fund</b>	<b>Total Governmental Funds</b>
\$	\$	\$ 248,385
		35,825
5,074	509,224	1,378,873
		1,425
		25,440
	21,582	49,613
<u>5,074</u>	<u>530,806</u>	<u>1,739,561</u>
		379,945
		105,945
		4,730
		14,386
		475,234
	208,450	208,450
173,497	1,911,916	2,122,164
	6,894	348,905
<u>173,497</u>	<u>2,127,260</u>	<u>3,659,759</u>
<u>(168,423)</u>	<u>(1,596,454)</u>	<u>(1,920,198)</u>
		(120,781)
<u>7,000</u>	<u></u>	<u>120,781</u>
<u>7,000</u>	<u></u>	<u></u>
(161,423)	(1,596,454)	(1,920,198)
161,423	2,714,502	3,983,321
<u>\$ 0</u>	<u>\$ 1,118,048</u>	<u>\$ 2,063,123</u>

The accompanying notes are an integral part of the financial statements.

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**ROBERTSON COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**



**ROBERTSON COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

Net Change in Fund Balances - Total Governmental Funds	\$ (1,920,198)
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Amounts reported for governmental activities in the Statement of Activities  
 Are Different Because Governmental Funds report Capital Outlays as  
 Expenditures. However, in the Statement of Activities the Cost of those Assets is  
 Allocated Over Their Estimated Useful Lives and Reported as Depreciation Expense.

Capital Outlay	2,248,291
Depreciation Expense	(118,961)
Assets disposed of, net book value	(99,972)

The Issuance of Long-term debt (e.g. Bonds, Leases) Provides Current  
 Financial Resources to Governmental funds, While the Repayment of Principal  
 on Long-term Debt Consumes the Current Financial Resources of Governmental  
 Funds. These Transactions, However, Have No Effect on Net Assets.

Bond Principal Payments	95,000
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Change in Net Assets of Governmental Activities	\$ 204,160
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**ROBERTSON COUNTY**  
**STATEMENT OF FIDUCIARY FUND NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2009**





**ROBERTSON COUNTY**  
**STATEMENT OF FIDUCIARY FUND NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2009**

	<u>Agency Fund</u>	
	<u>McDowell</u>	<u>Health</u>
	<u>Senior Citizens</u>	<u>Reimbursement</u>
	<u>Trust Fund</u>	<u>Account</u>
<b>Assets</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 10,286	\$ 2,636
Total Assets	<u>10,286</u>	<u>2,636</u>
<b>Liabilities</b>		
Amounts Held In Custody For Others	<u>10,286</u>	<u>2,636</u>
Total Liabilities	<u>10,286</u>	<u>2,636</u>
<b>Net Assets</b>		
Total Net Assets	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of the financial statements.

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TO THE FINANCIAL STATEMENTS**

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**ROBERTSON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

**Note 1. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The county presents its government-wide and fund financial statements in accordance with a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Notes receivable are recognized on the Statement of Net Assets, but notes receivable are not included and recognized on Balance Sheet - Governmental Funds. Property tax receivables, accounts payable, compensated absences, and donated assets are not reflected in the financial statements.

Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance (Reserved for Encumbrances), if applicable.

The State Local Finance Officer does not require the county to report capital assets and infrastructure; however the value of these assets is included in the Statement of Net Assets and the corresponding depreciation expense is included on the Statement of Activities.

**B. Reporting Entity**

The financial statements of Robertson County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14 and GASB 39, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Consequently, the reporting entity includes organizations that are legally separate from the primary government. Legally separate organizations are reported as component units if either the county is financially accountable or the organization's exclusion would cause the county's financial statements to be misleading or incomplete. Component units may be blended or discretely presented. Blended component units either provide their services exclusively or almost entirely to the primary government, or their governing bodies are substantively the same as the primary government. Robertson County has no discretely presented component units.

**Blended Component Unit**

The following legally separate organization provides its services exclusively to the primary government, and the fiscal court is able to impose its will on this organization. This organization's balances and transactions are reported as though they are part of the county's primary government using the blending method.

**Robertson County Public Properties Corporation**

Robertson County Public Properties Corporation was created exclusively to issue bonds to finance construction of a new justice center in Robertson County, Kentucky. Robertson County Fiscal Court is essentially the same governing board as Robertson County Public Properties Corporation and therefore has the ability to impose its will on the governing board. In addition, the fiscal court is financially accountable and legally obligated for the debt of Robertson County Public Properties Corporation.

**ROBERTSON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**C. Robertson County Elected Officials**

Kentucky law provides for election of the officials below from the geographic area constituting Robertson County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statements of Robertson County, Kentucky.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

**D. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its non-fiduciary component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support. Business-type revenues come mostly from fees charged to external parties for goods or services. Fiduciary funds are not included in these financial statements due to the unavailability of fiduciary funds to aid in the support of government programs.

The statement of net assets presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as net assets. Net assets are reported in three categories: 1) invested in capital assets, net of related debt - consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of those assets; 2) restricted net assets - resulting from constraints placed on net assets by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation; and 3) unrestricted net assets - those assets that do not meet the definition of restricted net assets or invested in capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; 2) operating grants and contributions; and 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources such as taxes and unrestricted state funds are reported as general revenues.

Generally and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) October 1, due at discount October 30, due at face value December 31, delinquent January 1 following the assessment, and subject to sale ninety days following April 15.

**ROBERTSON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements (Continued)**

Funds are characterized as either major or non-major. Major funds are those whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) for all funds or type (governmental or proprietary) and whose total assets, liabilities, revenues, or expenditures/expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The fiscal court may also designate any fund as major. Robertson County reports only governmental funds.

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the financial statements.

**Governmental Funds**

The primary government reports the following major governmental funds:

General Fund - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

Road Fund - This fund is for road and bridge construction and repair. The primary source of revenue for this fund is state payments for truck licenses distribution, municipal road aid, and transportation grants. The Department for Local Government requires the fiscal court to maintain these receipts and expenditures separately from the General Fund.

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of revenue for this fund are reimbursements from the state and federal government, and transfers from the General Fund. The Department for Local Government requires the fiscal court to maintain these receipts and expenditures separately from the General Fund.

Local Government Economic Assistance Fund - The purpose of this fund is to account for revenues and expenditures under the Local Government Economic Assistance Program.

State Grants Fund - The purpose of this fund is to account for revenues and expenditures for state grants.

Robertson County Public Properties Corporation Fund - This fund issued the debt for the construction of the Justice Center. This fund has receipts from Administrative Office of the Courts in the amount necessary to make the debt payments associated with the Justice Center.

The primary government has no non-major funds.

**ROBERTSON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

Special Revenue Funds:

The Road Fund, Jail Fund, Local Government Economic Assistance Fund, and State Grants Fund are presented as special revenue funds. Special revenue funds are to account for the proceeds of specific revenue sources and expenditures that are legally restricted for specific purposes.

Capital Projects Fund:

Robertson County Public Properties Corporation Fund - The purpose of this fund is to account for the activities of Robertson County Public Properties Corporation. Robertson County Public Properties Corporation issued debt to build the Justice Center. Robertson County Public Properties Corporation has entered into a lease agreement with the Commonwealth of Kentucky, Administrative Office of the Courts (AOC), in which AOC wishes to use and sublease all or a portion of certain facilities owned or to be constructed by or on behalf of the County. This requires payments to be made by AOC in an amount equal to the debt payments associated with the renovations.

**Fiduciary Funds**

Fiduciary funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. The county's agency fund is used to account for monies held by the county in the Utility Tax Fund for custodial purposes only. Unlike other funds, the agency fund reports assets and liabilities only; therefore, it has no measurement focus.

The primary government reports the following fiduciary funds:

McDowell Senior Citizens Trust Fund - This private-purpose trust fund was established to benefit senior citizens in Robertson County.

Health Reimbursement Account - To account for county contributions for those employees who waive health insurance coverage.

**E. Deposits and Investments**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

**ROBERTSON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**F. Capital Assets**

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported in the applicable governmental or business-type activities of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Land and Construction In Progress are not depreciated. Interest incurred during construction is not capitalized. Capital assets and infrastructure are depreciated using the straight-line method of depreciation over the estimated useful life of the asset.

	Capitalization Threshold	Useful Life (Years)
Land and Land Improvements	\$ 12,500	10 - 60
Buildings and Building Improvements	\$ 25,000	10 - 60
Machinery and Equipment	\$ 2,500	3 - 10
Vehicles	\$ 2,500	5
Infrastructure	\$ 20,000	10 - 50

**G. Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable financial statements. The principal amount of bonds, notes and financing obligations are reported.

In the fund financial statements, governmental fund types recognize bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Debt proceeds are reported as other financing sources.

**H. Fund Equity**

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into reserved and unreserved components, with unreserved considered available for new spending. Unreserved fund balances may be divided into designated and undesignated portions. Designations represent fiscal court's intended use of the resources and should reflect actual plans approved by the fiscal court.

Governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose, long-term receivables, and encumbrances.

**ROBERTSON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**I. Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Robertson County Public Properties Corporation Fund (blended component unit) is not budgeted for by the county treasurer. The Department for Local Government does not require fiscal court to report or budget for this fund.

**Note 2. Deposits**

The primary government maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(D).. According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 41.240 (4). As of June 30, 2009, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

**Note 3. Interfund Receivable and Payables**

The fiscal court transferred restricted money in the amount of \$96,500 from the Road Fund to the General Fund. As of June 30, 2009, the General Fund owes the Road Fund \$96,500.



**ROBERTSON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 4. Capital Assets**

Capital asset activity for the year ended June 30, 2009 was as follows:

	Reporting Entity			
	Beginning Balance (Restated)	Increases	Decreases	Ending Balance
<b>Primary Government:</b>				
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 123,500	\$	\$	\$ 123,500
Construction In Progress	473,823	1,925,454	(114,815)	2,284,462
Total Capital Assets Not Being Depreciated	597,323	1,925,454	(114,815)	2,407,962
Capital Assets, Being Depreciated:				
Buildings	2,390,257	288,312	(225,500)	2,453,069
Office Equipment	164,488		(42,440)	122,048
Vehicles	316,959	27,758	(10,000)	334,717
Machinery and Equipment	300,423			300,423
Infrastructure	1,363,815	121,582		1,485,397
Total Capital Assets Being Depreciated	4,535,942	437,652	(277,940)	4,695,654
Less Accumulated Depreciation For:				
Buildings	(1,840,184)	(26,225)	153,340	(1,713,069)
Office Equipment	(136,676)		14,628	(122,048)
Vehicles	(230,768)	(27,911)	10,000	(248,679)
Machinery and Equipment	(259,484)	(6,819)		(266,303)
Infrastructure	(513,790)	(58,006)		(571,796)
Total Accumulated Depreciation	(2,980,902)	(118,961)	177,968	(2,921,895)
Total Capital Assets, Being Depreciated, Net	1,555,040	318,691	(99,972)	1,773,759
Governmental Activities Capital Assets, Net	<u>\$ 2,152,363</u>	<u>\$ 2,244,145</u>	<u>\$ (214,787)</u>	<u>\$ 4,181,721</u>
<u>Governmental Activities:</u>				
General Government			\$ 7,712	
Protection to Persons and Property			18,998	
Social Services			7,630	
Recreation and Culture			5,290	
Roads, Including Depreciation of General Infrastructure Assets			79,331	
Total Depreciation Expense - Governmental Activities			<u>\$ 118,961</u>	

**ROBERTSON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 5. Long-term Debt**

**First Mortgage Revenue Bonds, Series 2008**

On April 1, 2008, Robertson County Public Properties Corporation issues \$3,305,000 in First Mortgage Revenue Bonds, Series 2008. The bonds were issued for the purpose of providing permanent financing for the construction of the Robertson County Justice Center. Interest on the bonds is payable semi-annually on March 1 and September 1, beginning September 1, 2008. Principal payments are payable annually commencing March 1, 2009. Robertson County Fiscal Court entered into a lease agreement with Administrative Office of the Courts in order to provide funding to meet annual debt service requirements. The total principal balance outstanding as of June 30, 2009 was \$3,210,000. Future principal and interest requirements are as follows:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2010	\$ 85,000	\$ 120,914
2011	90,000	118,364
2012	95,000	115,664
2013	95,000	112,814
2014	100,000	109,964
2015-2019	545,000	496,590
2020-2024	650,000	388,098
2025-2029	790,000	249,400
2030-2033	760,000	77,400
Totals	<u>\$ 3,210,000</u>	<u>\$ 1,789,208</u>

**Changes In Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b><u>Governmental Activities:</u></b>					
Revenue Bonds	<u>\$ 3,305,000</u>	<u>\$</u>	<u>\$ 95,000</u>	<u>\$ 3,210,000</u>	<u>\$ 85,000</u>
Governmental Activities					
Long-term Liabilities	<u>\$ 3,305,000</u>	<u>\$ 0</u>	<u>\$ 95,000</u>	<u>\$ 3,210,000</u>	<u>\$ 85,000</u>

**ROBERTSON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 6. Employee Retirement System**

The fiscal court has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 13.50 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

**Note 7. Insurance**

For the fiscal year ended June 30, 2009, Robertson County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

**Note 8. Related Party Transactions**

Magistrate Terry A. Cracraft is president of DeeJay Auto Parts II, Inc., located in Mt. Olivet, Kentucky. The fiscal court occasionally purchases auto parts from DeeJay Auto Parts. The total spent during fiscal year 2009 was \$5,556.

Treasurer James Myron Thomas is a former owner of Thomas Grocery located in Mt. Olivet, Kentucky. The fiscal court occasionally made purchases from Thomas Grocery. The total spent during fiscal year 2009 was \$254.

**Note 9. Health Reimbursement Account**

All Robertson County employees who meet the requirements of the Personnel Policy for eligibility for health insurance as provided by Robertson County Fiscal Court have the option to waive their right to health insurance and participate in a health reimbursement account. Beginning January 1, 2009, the fiscal court provided \$450 monthly to each employee participating in the health reimbursement account.

**ROBERTSON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 10. Prior Period Adjustments**

An adjustment was made to lower the prior year General Fund cash balance by \$2,316 to account for payroll funds that were not transferred to the General Fund and no longer need to be transferred.

An adjustment was made to increase accumulated depreciation and lower net capital assets by \$19,520 for corrections made to the useful lives of some assets.

The overall effect of these adjustments is to reduce Net Assets – Beginning by a total of \$21,836.

**ROBERTSON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**



**ROBERTSON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**

**For The Year Ended June 30, 2009**

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 233,200	\$ 233,200	\$ 248,385	\$ 15,185
Excess Fees			35,825	35,825
Intergovernmental Revenue	162,410	162,410	213,648	51,238
Charges for Services	250	250	254	4
Miscellaneous	7,000	7,000	23,152	16,152
Interest	10,000	10,000	5,679	(4,321)
Total Revenues	412,860	412,860	526,943	114,083
EXPENDITURES				
General Government	345,144	388,510	361,798	26,712
Protection to Persons and Property	54,535	64,444	53,312	11,132
General Health and Sanitation	4,100	5,650	4,730	920
Social Services	1,500	1,500		1,500
Recreation and Culture	14,000	15,000	14,386	614
Capital Projects		36,751	36,751	
Administration	239,752	247,176	181,278	65,898
Total Expenditures	659,031	759,031	652,255	106,776
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(246,171)	(346,171)	(125,312)	220,859
OTHER FINANCING SOURCES (USES)				
Transfers Out	(28,010)	(28,010)	(63,400)	(35,390)
Transfers In	99,181	99,181	195,681	96,500
Total Other Financing Sources (Uses)	71,171	71,171	132,281	61,110
Net Changes in Fund Balance	(175,000)	(275,000)	6,969	281,969
Fund Balance - Beginning	175,000	175,000	176,073	1,073
Fund Balance - Ending	\$ 0	\$ (100,000)	\$ 183,042	\$ 283,042

**Reconciliation of the Budgetary Comparison Schedule to  
Statement of Revenues, Expenditures, and Changes in Fund Balance**

Fund Balance - Ending	\$ 183,042
Excess Transfers From Road Fund recorded as Liability - Due to Other Funds	(96,500)
Fund Balance - Ending	\$ 86,542

**ROBERTSON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**  
**(Continued)**

	<b>ROAD FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 443,103.00	\$ 443,103.00	\$ 587,735.00	\$ 144,632.00
Miscellaneous	4,000	4,000	2,288	(1,712)
Interest	27,500	27,500	22,352	(5,148)
Total Revenues	474,603	474,603	612,375	137,772
<b>EXPENDITURES</b>				
General Government	18,000	18,000	18,000	
Roads	688,250	697,450	475,234	222,216
Administration	519,172	409,972	146,636	263,336
Total Expenditures	1,225,422	1,125,422	639,870	485,552
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(750,819)	(650,819)	(27,495)	623,324
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(99,181)	(99,181)	(195,681)	(96,500)
Transfers In			41,800	41,800
Total Other Financing Sources (Uses)	(99,181)	(99,181)	(153,881)	(54,700)
Net Changes in Fund Balance	(850,000)	(750,000)	(181,376)	568,624
Fund Balance - Beginning	850,000	850,000	931,092	81,092
Fund Balance - Ending	\$ 0	\$ 100,000	\$ 749,716	\$ 649,716

**Reconciliation of the Budgetary Comparison Schedule to  
Statement of Revenues, Expenditures, and Changes in Fund Balance**

Fund Balance - Ending	\$ 749,716
Excess Transfers From Road Fund recorded as Asset - Due From Other Funds	96,500
Fund Balance - Ending	<u>\$ 846,216</u>



**ROBERTSON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**  
**(Continued)**

	<b>JAIL FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 47,350	\$ 47,350	\$ 63,192	\$ 15,842
Charges for Services	3,500	3,500	1,171	(2,329)
Total Revenues	50,850	50,850	64,363	13,513
<b>EXPENDITURES</b>				
Protection to Persons and Property	56,310	57,285	52,633	4,652
Administration	21,950	20,975	14,097	6,878
Total Expenditures	78,260	78,260	66,730	11,530
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(27,410)	(27,410)	(2,367)	25,043
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	27,410	27,410	14,600	(12,810)
Total Other Financing Sources (Uses)	27,410	27,410	14,600	(12,810)
Net Changes in Fund Balance			12,233	12,233
Fund Balance - Beginning			84	84
Fund Balance - Ending	\$ 0	\$ 0	\$ 12,317	\$ 12,317

**ROBERTSON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**  
**(Continued)**

<b>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>
	<b>Original</b>	<b>Final</b>	
<b>REVENUES</b>			<b>Variance with Final Budget Positive (Negative)</b>
Total Revenues	\$	\$	\$
<b>EXPENDITURES</b>			
General Government		150	147
Administration	150		3
Total Expenditures	150	150	3
Net Changes in Fund Balance	(150)	(150)	(147)
Fund Balance - Beginning	150	150	147
Fund Balance - Ending	\$ 0	\$ 0	\$ 0

**ROBERTSON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**  
**(Continued)**

	<b>State Grants Fund</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 350,000	\$ 350,000	\$ 5,074	\$ (344,926)
Total Revenues	350,000	350,000	5,074	(344,926)
<b>EXPENDITURES</b>				
Recreation and Culture	50,000	50,000		50,000
Capital Projects	300,000	300,000	173,497	126,503
Total Expenditures	350,000	350,000	173,497	176,503
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)			(168,423)	(168,423)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In			7,000	7,000
Total Other Financing Sources (Uses)			7,000	7,000
Net Changes in Fund Balance			(161,423)	(161,423)
Fund Balance - Beginning			161,423	161,423
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

**ROBERTSON COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2009**

**Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**





**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Billy R. Allison, Robertson County Judge/Executive  
Members of the Robertson County Fiscal Court

**Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of Financial Statements  
Performed In Accordance With Government Auditing Standards**

We have audited the financial statements of the governmental activities and each major fund of Robertson County, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements, as listed in the table of contents and have issued our report thereon dated February 11, 2011. Robertson County presents its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Robertson County Fiscal Court's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Robertson County Fiscal Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Robertson County Fiscal Court's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the modified cash basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Report On Internal Control Over Financial Reporting  
And On Compliance And Other Matters Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Robertson County's financial statements as of and for the year ended June 30, 2009, are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying comments and recommendation as items 2009-1 and 2009-2.

The Robertson County Judge/Executive's responses to the findings identified in our audit are included in the accompanying comments and recommendations. We did not audit the Judge/Executive's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, others within the entity, and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Crit Luallen', with a stylized, flowing script.

Crit Luallen  
Auditor of Public Accounts

February 11, 2011



**ROBERTSON COUNTY  
COMMENTS AND RECOMMENDATIONS**

**For The Year Ended June 30, 2009**



**ROBERTSON COUNTY  
COMMENTS AND RECOMMENDATIONS**

**Fiscal Year Ended June 30, 2009**

**STATE LAWS AND REGULATIONS**

**2009-1 Cash Transfers From Restricted Funds Were In Excess Of The Amount Approved By The Department For Local Government In The Amount Of \$96,500**

Transfers from the Road Fund to the General Fund during fiscal year ended June 30, 2009 totaled \$195,681. The Department for Local Government (DLG) approved transfers in the amount of \$99,181 as shown on the Road Fund Cost Allocation Worksheet which is part of the fiscal court's annual budget. All Road Fund monies are restricted for road expenditures, except for the amount calculated on the Road Fund Cost Allocation Worksheet to allot administrative costs. The transfers to the General Fund were in excess of the approved amount by \$96,500. We recommend the fiscal court return \$96,500 to the Road Fund and limit transfers of restricted monies to the amount approved by DLG.

*County Judge/Executive Billy R. Allison's Response: We are aware of situation, and working on remedy to the payment.*

**2009-2 The Treasurer's Annual Financial Statement Was Not Prepared And Published**

The Treasurer's annual financial statement was not prepared or published. KRS 424.220 requires public officers who receive or disburse public funds to prepare an itemized, sworn statement of all funds collected, received, held, or disbursed during the fiscal year. This statement should be published within sixty (60) days after the close of the fiscal year. In lieu of publication of the annual financial statement, the Treasurer may publish the audit of the financial statements as detailed in KRS 91A.040(6). We recommend the annual financial statement or audit of the financial statements be published in the future.

Further, it is required by KRS 424.220 that the fiscal court have accessible a factual list of individual salaries for public scrutiny and furnished by mail to the newspaper which may publish the list as a news item. A complete listing of all employees and their salaries or hourly wage rates was not made available to auditors. We recommend all employees salaries or hourly wage rates be reviewed and set annually by the fiscal court and this list be maintained on file and made available to auditors.

*County Judge/Executive Billy R. Allison's Response: Will be done in the future year.*

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**CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

**ROBERTSON COUNTY FISCAL COURT**

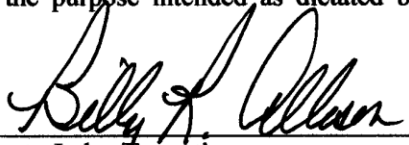
**For The Fiscal Year Ended  
June 30, 2009**

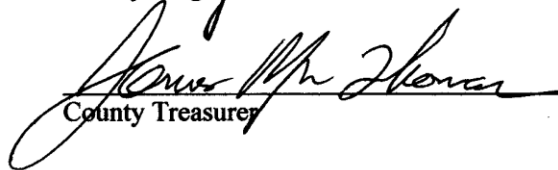


CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM  
ROBERTSON COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2009

The Robertson County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

  
County Judge/Executive

  
County Treasurer

